



HOUSE OF REPRESENTATIVES

HB 2674

TPT exemption; amateur races

Prime Sponsor: Representative Rivero, LD 21

DP Committee on Ways and Means

DPA Caucus and COW

X House Engrossed

OVERVIEW

HB 2674 exempts noncompetitive races sponsored by nonprofit organizations from transaction privilege tax (TPT).

PROVISIONS

1. Exempts events sponsored by nonprofit organizations consisting of a noncompetitive run, walk, swim, bicycle ride or other similar event from the amusement classification of TPT.
2. Stipulates that the event may only allow amateurs to participate.
 - a. Professionals competing for a prize or special recognition may participate if they make up no more than 2% of all participants.
3. Exempts entry fees for events that consist of a run, walk, swim, bicycle ride or a combination of these events from municipal TPT until January 31, 2017.
4. Exempts entry fees for events that consist of a run, walk swim, bicycle ride or a combination of these events and that is sponsored or conducted by a nonprofit organization from municipal TPT.

Retroactivity

5. Applies retroactively to any qualified event that took place before the effective date of this Act if the sponsor did not collect additional monies for TPT from the participants;
6. Specifies that any amount assessed to an operator or sponsor as a tax, interest or penalty before the effective date is remitted and forgiven
7. Stipulates that if a lien was filed against the sponsor's property due to unpaid TPT, the Department of Revenue must release the property from the lien, withdraw any recorded notice of the lien and upon request of the sponsor, issue a certificate of the release of the lien.
8. Contains a delayed effective date of February 1, 2017.
9. Makes technical and conforming changes.

CURRENT LAW

TPT is imposed on a vendor for the privilege of conducting business in Arizona. Under this tax, the seller is responsible for remitting to the state the entire amount of tax due based on the gross proceeds or gross income of the business. While the tax is commonly passed on to the consumer at the point of sale, it is ultimately the seller's responsibility to remit the tax. TPT is broken down into 16 different classifications, one of which is the amusement classification. The amusement

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classification is comprised of businesses that charge admission or user fees for exhibition, amusement or entertainment.